

OPEN MEETING AGENDA ITEM
BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

LEA MÁRQUEZ PETERSON, Chairwoman
SANDRA D. KENNEDY, Commissioner
JUSTIN OLSON, Commissioner,
ANNA TOVAR, Commissioner
JIM O'CONNOR, Commissioner

IN THE MATTER OF RESOURCE
PLANNING AND PROCUREMENT IN
2019, 2020 AND 2021

Docket No. E-00000V-19-0034

Comments and Proposed Amendments of
the Southwest Energy Efficiency Project

Comments and Exceptions of the Southwest Energy Efficiency Project on Staff's Recommended Opinion and Order on the 2020 Utility Integrated Resource Plans

The Southwest Energy Efficiency Project (SWEET) is pleased to provide the attached amendments to Staff's Recommended Opinion and Order on the 2022 utility integrated resource plans.¹

In order to ensure that the resource plans of Arizona Public Service Company (APS) and Tucson Electric Power (TEP) maximize ratepayer savings, SWEET engaged independent, outside expertise to conduct capacity expansion of both utilities' plans^{2,3} to identify each utility's "Optimal Resource Portfolio" — the cheapest, most reliable option for ratepayers. Notably, implementation of the Optimal Resource Portfolio for each utility would reduce the net present value of TEP's revenue requirement by \$286 million and APS's by \$1.4 billion. As a result of these analyses, SWEET also identified a number of future modeling modernizations that each utility should implement in order to ensure that its future resource planning processes are unbiased.

SWEET Proposed Amendments 1 and 2 would direct TEP and APS, respectively, to pursue the most reliable, least cost path for ratepayers and adopt reforms to ensure a fair and level playing field for all resource options moving forward.

We respectfully submit these comments on December 10, 2021.

Ellen Zuckerman

Co-Director, Utility Program, SWEET

Caryn Potter

Manager, Utility Program, SWEET

¹ See: <https://docket.images.azcc.gov/E000016910.pdf?i=1639085330246>

² See: "Independent Analysis of Arizona Public Service's 2020 Integrated Resource Plan," May 4, 2021, <https://docket.images.azcc.gov/E000013367.pdf?i=1620854217837>

³ See: "Summary of Alternative Resource Plan Analysis for Tucson Electric Power," October 15, 2021, <https://docket.images.azcc.gov/E000009567.pdf?i=1620854217837>

SWEEP PROPOSED AMENDMENT NO. 1

TIME/DATE PREPARED:

COMPANY: Arizona Corporation Commission

AGENDA ITEM NO.: 34

DOCKET NO.: E-00000V-19-0034

OPEN MEETING: 12/15/2021

Purpose: To reduce the net present value of TEP's revenue requirement by \$286 million by implementing the recommendations of Strategen Consulting's independent capacity expansion analysis of TEP's 2020 integrated resource plan.

At Page 11, Line 5, INSERT NEW SECTION AND NEW FINDINGS OF FACT:

"Strategen Analyses and Recommendations"

7. However, the independent capacity expansion analysis conducted by Strategen Consulting on TEP's integrated resource plan identified the potential to reduce the net present value of TEP's revenue requirement by \$286 million if TEP implements both the economic cycling of coal and achieves 40% energy efficiency by 2030 using a 2010 baseline. In order to maximize customer savings and benefits, we therefore agree that these recommendations should be instituted."

At Page 13, Line 5 INSERT NEW ORDER PARAGRAPHS:

"IT IS FURTHER ORDERED that Tucson Electric Power shall in future Integrated Resource Plans eliminate coal unit must-run designations."

"IT IS FURTHER ORDERED that Tucson Electric Power shall in future Integrated Resource Plans remove modeling restrictions that limit the amount of energy efficiency that can be selected as a resource option."

"IT IS FURTHER ORDERED that Tucson Electric Power shall in future Integrated Resource Plans remove modeling restrictions on the economic cycling and economic retirement of coal units."

"IT IS FURTHER ORDERED that Tucson Electric Power shall achieve at least 40% cumulative energy savings by 2030 from a broad portfolio of energy efficiency measures and using a 2010 baseline."

At Page 13, Line 17 after "the public interest" INSERT:

"with the adoption and implementation of the Strategen Consulting recommendations for Tucson Electric Power Company discussed herein."

**** MAKE CONFORMING CHANGES**

SWEEP PROPOSED AMENDMENT NO. 2

TIME/DATE PREPARED:

COMPANY: Arizona Corporation Commission

AGENDA ITEM NO.: 34

DOCKET NO.: E-00000V-19-0034

OPEN MEETING: 12/15/2021

Purpose: To reduce the net present value of APS's revenue requirement by \$1.4 billion by implementing the recommendations of Strategen Consulting's independent capacity expansion analysis of APS's 2020 integrated resource plan.

At Page 11, Line 5, INSERT NEW SECTION AND NEW FINDINGS OF FACT:

"Strategen Analyses and Recommendations

7. However, the independent capacity expansion analysis conducted by Strategen Consulting on APS's integrated resource plan identified the potential to reduce the net present value of APS's revenue requirement by \$1.4 billion if APS implements both the economic retirement of Four Corners Power Plant by 2023 and achieves cumulative energy savings equivalent to approximately 15% of retail sales over the next decade, using a 2020 baseline. In order to maximize customer savings and benefits, we therefore agree that these recommendations should be instituted."

At Page 13, Line 5 INSERT NEW ORDER PARAGRAPHS:

"IT IS FURTHER ORDERED that Arizona Public Service Company shall in future Integrated Resource Plans eliminate coal unit must-run designations."

"IT IS FURTHER ORDERED that Arizona Public Service Company shall in future Integrated Resource Plans remove modeling restrictions that limit the amount of energy efficiency that can be selected as a resource option."

"IT IS FURTHER ORDERED that Arizona Public Service Company shall in future Integrated Resource Plans remove modeling restrictions on the economic cycling and economic retirement of coal units."

"IT IS FURTHER ORDERED that Arizona Public Service Company shall update its five-year Action Plan to achieve an annual minimum of 1.5% energy savings as a percent of retail sales from a broad portfolio of energy efficiency measures (consistent with 15% cumulative savings over ten years)."

"IT IS FURTHER ORDERED that Arizona Public Service Company shall file quarterly reports on the accuracy of its load forecast, including weather-normalized values for energy and peak load."

"IT IS FURTHER ORDERED that Arizona Public Service Company shall in future Integrated Resource Plans include a full accounting of the sources and costs of the hydrogen fuel and any associated capital expenditures to produce that fuel."

"IT IS FURTHER ORDERED that Arizona Public Service Company shall in future Integrated Resource Plans include the extension of key tax credits (i.e. the Investment Tax Credit and the Production Tax Credit) and its plan to run one of the Four Corners units seasonally."

"IT IS FURTHER ORDERED that Arizona Public Service Company shall in future Integrated Resource Plans include information on how each portfolio performs in terms of total cumulative emissions reductions in addition to annual emissions numbers.

At Page 13, Line 17 after "the public interest" INSERT:

"with the adoption and implementation of the Strategen Consulting recommendations for Arizona Public Service Company discussed herein."

**** MAKE CONFORMING CHANGES**